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June 10, 2009

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Kekuanaoa Building, 1st Floor
465 South King Street
Honolulu, Hawaii 96813

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PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2008-0274 – Decoupling Proceeding
HECO Companies' Response to PUC-IR-18

On March 30, 2009, the HECO Companies filed responses to information requests ("IRs") that were submitted to the parties by the Commission on March 5, 2009.¹

The Companies' response to PUC-IR-18 was inadvertently omitted from the responses filed on March 30th and is hereby enclosed for filing. The Companies apologize for any inconvenience caused by the delay in filing this response.

Very truly yours,

Enclosures

cc: Division of Consumer Advocacy
Hawaii Renewable Energy Alliance
Haiku Design and Analysis
Hawaii Holdings, LLC, dba First Wind Hawaii
Department of Business, Economic Development, and Tourism
Hawaii Solar Energy Association
Blue Planet Foundation

¹ The "HECO Companies" or "Companies" are Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited.

PUC-IR-18

Please describe in detail the contents of your annual RAM filing, such that it will allow the Commission to review it within the two to three-month period prescribed in your proposal.

HECO Response:

This response assumes that the annual filing includes both the reconciliation for the revenue balancing account ("RBA") and the calculations for the revenue adjustment mechanism ("RAM") as proposed in the HECO Companies' January 30, 2009 filing. If the RBA adjustment and RAM adjustment are approved as proposed, the annual filing will provide the calculations and the documentation under the methods that have been approved. For the RBA adjustment, this includes the monthly entries for target revenue, recorded revenue, and interest, including the forecasts for November and December, for both the residential RBA and the commercial RBA. For the RAM adjustment, this includes the calculations of the O&M adjustment using the test year approved expenses and the cited index adjustment factors, and the rate base adjustments, both the historical rate base change (after removal of significant projects from recorded data) and the change from the significant projects. The filing will also show the calculation of the RAM adjustment allocation to residential customers and commercial customers. To determine the rate adjustment required, the filing will include the sales forecast that is used to price the RBA adjustment and RAM adjustment to residential and commercial customers over the next calendar year. All calculations will be presented with exhibits and workpapers that follow the methods for RBA and RAM adjustments that are approved by the Commission.

In the joint Proposal on Decoupling and Statement of Position filed March 30, 2009 by the Consumer Advocate and the HECO Companies, the Consumer Advocate and HECO Companies have included a draft RAM Provision tariff. Please see that draft tariff for details of the annual filing.